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PROTECTIVE ORDERS AND LOCAL COUNSEL

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A. Protective Orders.

The protective order is a familiar and frequently used device in modern litigation. At once, it both protects important interests while at the same time creating tension with others. As one district court has observed:

> Protective orders recognize that parties engaged in litigation do not sacrifice all aspects of privacy or their proprietary information simply because of a lawsuit. But there remains a concomitant principle favoring full, fair, and open disclosure of the important matters occurring in the public's courts.

In re Mirapex Products Litigation, 246 F.R.D. 668, 672 (D. Minn. 2007).

The practice involving stipulated protective orders has changed significantly in this district. A new Local Rule and Civil Form now control. As discussed below, the provisions of the Civil Form illustrate some of the issues surrounding the use of protective orders.

1. Local Rule 26.2 and Civil Form 5. Effective December 1, 2013, the District of New Hampshire joined many other courts in adopting a form protective order. New Local Rule 26.2 provides that a party may move the court for a protective order, but "[a]bsent leave of court, the proposed protective order must conform to Civil Form 5." If the submitted protective order does not conform to the Court's form, "the motion shall identify and explain the basis for any deviations from that form."

There were two principal bases for adopting this change. First, having a single form is more efficient for both the court and parties. Civil Form 5 contains standard provisions and is intended to streamline the court's review of protective orders. Second, protective orders did not

always address how protected material should be filed with the court, or make clear that any such filings that are either redacted or filed under seal must conform to Fed. R. Civ. P. 5.2(e) (authorizing protective orders as to redactions or limiting a nonparty's access to documents containing privacy related information) or Local Rule 83.12 (setting forth procedure for filing sealed documents).

Civil Form 5 does, indeed, follow a familiar format, at least for one level of confidentiality, to be designated, "CONFIDENTIAL – SUBJECT TO PROTECTIVE ORDER." The Form requires access to designated documents by counsel, court reporters, contractors, consultants, and others by consent, as well as to parties. As to the latter category, there is optional language that can be used where the documents contain "trade secrets or other competitive, personnel or confidential information and disclosure to another party could be harmful to the disclosing party." In such a case, the following language can be added to the form: "but only to the extent counsel determines that the specifically named individual party or employee's assistance is reasonably necessary to the conduct of the litigation in which the information is disclosed." Civil Form 5, ¶ 6.b.2. Paragraph 7 incorporates Local Rule 83.12 by reference and provides detailed guidance for filing materials subject to the designation.

2. **Good cause**. Rule 26(c)(1) authorizes the court, "for good cause, [to] issue an order to protect a party or person from annoyance, embarrassment, oppression or expense." The standard applies even with respect to a stipulated order. *See* Robert Timothy Reagan, Confidential Discovery: A Pocket Guide on Protective Orders, Federal Judicial Center, at p. 6 (2012) ("It is only proper for the court to issue the order upon the court's finding that the order is supported by good cause."); Wright & Miller, Federal Practice and Procedure, § 2035 ("Even when the parties consent, the court may not enter an order unless Rule 26(c) is satisfied.").

The same standard is incorporated into Civil Form 5 when a challenge is made to a document designated as "CONFIDENTIAL – SUBJECT TO PROTECTIVE ORDER." The designating party must file a motion to retain the designation and that party has the burden to show good cause for the designation. *See, e.g., West v. Bell Helicopter Textron, Inc.*, 2013 U.S. Dist. Lexis 26899 (2013), *5 n.1 ("Importantly, Rule 26(c), like the Protective Order, puts the burden on the party seeking protection to show good cause for it."). Under Civil Form 5, the failure to file such a motion waives the designation.

Courts have made clear that the "good cause" standard requires a specific proof. *See Anderson v. Cryovac, Inc.*, 805 F.2d 1, 7 (1st Cir. 1986) ("A finding of good cause must be based on a particular factual demonstration of potential harm, not on conclusory statements."); *see also Glenmede Trust Co. v. Thompson*, 56 F.3d 476, 483 (3d Cir. 1995) ("'Good cause' is established when it is specifically demonstrated that disclosure will cause a clearly defined and serious injury. Broad allegations of harm, unsubstantiated by specific examples, however, will not suffice."); *West*, at *10 ("[R]ather than relying on conclusory statements, a party seeking a protective order must make a specific demonstration of the necessity for it.") (quotations omitted).

3. **Clawback**. Civil Form 5 has a limited "clawback" provision as to inadvertently produced documents which were not designated or which contain otherwise privileged information. The provision pertains only to documents provided for review in a "reading room." Civil Form 5, ¶ 4.b.

Although the protections of Fed. R. Evid. 502 apply, clawback provisions have become standard fare in protective orders. Parties are free to enter standalone clawback agreements but, as the advisory notes to Rule 502(e) make clear, to be effective against third parties seeking

access to the inadvertently produced material, the agreement must be made part of a court order. Fed. R. Evid. 502(e), advisory notes ("Of course, such [a clawback agreement] can bind only the parties to the agreement. The rule makes clear that if parties want protection against non-parties from a finding of waiver by disclosure, the agreement must be made part of a court order.").

4. <u>Modification and intervention</u>. Civil Form 5 provides that the protective order "shall be subject to modification by the court on its own motion or on motion of a party or any other person with standing concerning the subject matter." *Id.* at ¶ 13. Courts have discretion to order modification of protective orders. The issue arises when third parties seek access to documents through subpoenas or discovery requests in another case. There is substantial authority for the proposition that "the correct course for third parties to seek access to the protected material . . . is through [Fed. R. Civ. P.] 24 intervention." *Massachusetts v. Mylan Labs, Inc.*, 246 F.R.D. 87, 91-93 (D. Mass. 2007) (citing, *inter alia, Public Citizen v. Liggett Group, Inc.*, 858 F.2d 775, 778 (1st Cir. 1988) (noting that "where intervention is available (*i.e.*, civil cases), it is an effective mechanism for third-party claims of access to information generated through judicial proceedings")).

5. <u>Use of designated documents at hearing on trial</u>. Civil Form 5 provides that a party intending or anticipating the use of designated documents at a hearing or trial should present "the issue, not the information," in a pre-hearing or pre-trial memorandum. Civil Form 5, ¶ 11. The court "may thereafter make such orders as are necessary to govern the use of such documents or information at a hearing or trial." *Id.* Generally, documents used at hearing are presumptively public records, and only the "most compelling" reasons can overcome this presumption. *See National Organization for Marriage v. McKee*, 649 F.3d 34, 70 (1st Cir. 2011), *Federal Trade Commission v. Standard Financial Management Corp.*, 830 F.2d 404, 408

(1st Cir. 1987). The presumption extends in the first instance "to materials on which a court relies in determining the litigants' substantive rights." *Standard Financial Management*, 830 F.2d at 408 (quotation omitted).

In his order in *In re Mirapex*, Chief Judge Rosenbaum of the District of Minnesota unambiguously set forth the basic principles at work in the context of a protective order:

> Parties may seek private justice if they so desire. Public courts, however, invoke the public's interests. In federal court, the parties know their dispute will be publicly resolved, in a courthouse provided by the nation's citizens, before an impartial Judge appointed under the United States Constitution. The case may ultimately be heard before a jury composed of the nation's citizens in a courtroom open to the public. The parties frequently rely upon the Republic's authority to enforce their judgments. Thus, parties seeking justice in the courts of the United States can expect – and will find – open and fair disclosure, absent matters of the highest security.
>
> The Court will not permit a protective order to deprive it of the information it needs to resolve a pending issue. A protective order which becomes an obstacle to resolving the case seems analogous to a dog which not only catches its own tail, but swallows itself in the event.

In re Mirapex Products Litigation, 246 F.R.D. at 673.

The Manual for Complex Litigation suggests that, "[t]o endure continued protection, counsel sometimes stipulate to material nonconfidential facts to avoid the need to introduce confidential material into evidence. Counsel may also move to have confidential material excluded from evidence as prejudicial and of low probative value under Federal Rule of Evidence 403." *Id.* at § 11.432.

B. Local Counsel.

Though it is usually not a lucrative engagement, most federal court practitioners do not shy away from serving as local counsel when the opportunity arises. Serving as local counsel can give a local lawyer the chance to develop a potentially symbiotic relationship with lead

counsel as well as with a new client and it can also provide local counsel the added benefit of gaining exposure to a new area of the law. At a minimum, it gives local counsel an opportunity to increase their familiarity and expertise with the local court while building a reputation and credibility.

But while there are many benefits to local counsel engagement, there are also risks that should not be overlooked. These risks can be mitigated by correcting the common misperception about local counsel's role: that local counsel is merely a mail box for receiving and submitting legal papers. To the contrary, while local counsel's role may be limited, the client, lead counsel, and local counsel must all understand that local counsel is legally and ethically bound to "actively associate" in the action and to provide particularized advice relating to local practice.

1. <u>Pro Hac Vice Admission</u>.

The primary function of local counsel is, of course, to facilitate the pro hac vice admission of the out-of-state lead counsel. In the District of New Hampshire, pro hac vice admission is governed by Local Rule 83.2(b), which provides that "any attorney who is a member in good standing of the bar of any court of the United State or of the highest court of any state may appear and practice before this court" in any particular action, provided that:

a. A member of the bar of the New Hampshire District Court (local counsel) sponsors the out-of-state applicant (pro hac vice counsel) through a motion for pro hac vice admission representing that local counsel will be "actively associated" with pro hac vice counsel in that particular action;

b. The motion for pro hac vice motion includes an affidavit from the pro hac vice counsel, which provides (i) pro hac vice counsel's contact information, (ii) a list of the courts to which she is admitted, (iii) a statement that she is in good

standing and eligible to practice in those courts, (iv) a statement that she is not currently suspended or disbarred in any jurisdiction, (v) a statement explaining any prior or pending disciplinary matters or any prior criminal convictions, and (vi) a statement explaining any prior denials or revocations of pro hac vice status in any court;

c. Payment of a $100 fee;

d. The out-of-state attorney remains "at all times" "associated in the action" with the local counsel;

e. The local counsel is served with "all process, notices, and other papers";

f. The local counsel signs all filings submitted to the court;

g. The local counsel attends all court proceedings, unless excused by the court.

Pro hac vice admission is at all times within the discretion of the District Court. The court may revoke pro hac vice admission at any time "for good cause without a hearing."

Bear in mind, the District of New Hampshire Local Rule on pro hac vice admission places more duties on local counsel than the local rules in some other federal courts. For example, the District of Massachusetts Local Rule does not explicitly require local counsel to sign all pleadings. Additionally, unlike Massachusetts, the New Hampshire Local Rule does not, impose any obligation on pro hac vice counsel to be "familiar with the Local Rules." This omission raises the inference that local counsel in New Hampshire are expected to actively assist pro hac vice counsel in navigating the intricacies of local practice. *Compare* District of New Hampshire Local Rule 83.2(b) *with* District of Massachusetts Local Rule 83.5.3(b).

2. <u>The Hazards of Local Counsel Engagement</u>.

There are several risks to be aware of before accepting a local counsel engagement:

a. Conflicts. Local counsel representation is the same as being retained as lead counsel. Conflict checks must be performed and local counsel should think twice about accepting an engagement that would create adversity with a potential future client. Ethical rules prevent local counsel from dropping an existing client to allow counsel to pursue a more lucrative engagement with an adverse party.

b. Vouching for out-of-state counsel. Because the pro hac vice application is made on motion by local counsel, it naturally follows that local counsel is effectively vouching for the out-of-state attorney and representing that the applicant's affidavit is made in good faith. To the extent the opportunity for a local counsel engagement comes from an unknown lawyer from unfamiliar jurisdiction, there can be risk here. Local counsel must also be aware that lawyers are often judged by their associations. An engagement with an overly aggressive or uncivil pro hac vice counsel could cause damage to local counsel's reputation. In a 1999 patent case, New Hampshire District Judge Joseph A. DiClerico, Jr. publicly rebuked local counsel and pro hac vice counsel for including "[p]ersonal attacks, vituperative remarks, and hyperbole" in their pleadings. *See Aoki Technical Lab., Inc. v. FMT Corp., Inc.*, No. 96-cv-42, 1999 WL 814370, at *4 (Apr. 22, 1999) ("The court reminds local counsel and instructs counsel admitted pro hac vice that counsel appearing in this district are expected to act and communicate in a professional and civil manner with each other and with the court.").

c. Vouching for filings. The New Hampshire Local Rule requires local counsel to sign all filings. Accordingly, local counsel must be ever cognizant of Rule 11 of the Federal Rules of Civil Procedure, which provides that any attorney who signs, files or submits any paper with the court is certifying to the best of his or her "knowledge, information, and belief, formed after an inquiry reasonable under the circumstances" that: (i) it is not submitted

for any improper purpose, (ii) all legal assertions are supported by existing law or a nonfrivolous legal argument, and (iii) all factual assertions or denials have evidentiary support or are likely to have support after reasonable investigation. Rule 11 can cause anxiety for local counsel who receives a substantial pleading without warning and with little or no time to review it.

d. Malpractice and Sanctions. While there are no reported decisions in the District of New Hampshire on the topic, other district courts have held local counsel responsible for malpractice even when their role in the representation was quite limited. Courts have also held local counsel responsible for litigation misconduct. *See, e.g.*, *Horizon Unlimited, Inc. v. Silva*, No. 97-cv-7430, 2000 WL 730340, at *4-5 (E.D. Pa. 2000) (sanctioning local counsel for violating a protective order despite local counsel's argument that her role "was limited to following [lead counsel's] instructions"); *Ingemi v. Pelino & Lentz*, 866 F. Supp. 156, 162 (D.N.J. 1994) (finding local counsel was properly named as a defendant in a malpractice action and stating that "[e]ven if pro hace vice attorneys attempt to delegate solely routine or ministerial tasks to local counsel, local counsel remains counsel of record and wittingly or unwittingly exposes itself to liability for penalties such as sanctions.").

3. <u>Strategies for Limiting Risks and Maximizing Performance</u>.

While the risks of a local counsel engagement can be every bit as significant as the risks of an ordinary engagement, the risks can be mitigated through planning, research, and open communication at the start of the engagement.

a. Avoiding conflicts. To avoid conflicts, local counsel should run a conflicts check at the start of every engagement. Even to the extent there are no conflicts, local counsel should also consider the consequences of becoming adverse to the parties on the other side, particularly if local counsel's firm is pursing work from any of those parties. Another

strategy is to include in the engagement letter an advance waiver that waives future unrelated conflicts.

b. Getting comfortable with lead counsel. Local counsel should perform reasonable due diligence on lead counsel, particularly if there is a lack of familiarity with the out-of-state lawyer or their firm. For example, local counsel can tap his own network to find intelligence on lead counsel, Google search lead counsel, review lead counsel's website, check lead counsel's listing on Martindale-Hubbell, and check the federal court docket for lead counsel's home jurisdiction to see what types of cases lead counsel has been involved with. Almost all state bar associations provide publicly available websites that provide information on any disciplinary proceedings against licensed attorneys. But perhaps the best method for gaining comfort with an unknown attorney is to simply talk to them and ask them direct questions.

c. Setting expectations and the scope of representation. The best method for avoiding pitfalls in a local counsel representation is to have open and candid communication with lead counsel and the client from the start of the engagement. Local counsel's engagement letter should memorialize the parties' agreement about local counsel's role, the scope of local counsel's representation, and how local counsel will be paid. Local counsel should advise lead counsel and the client at the outset (and should memorialize in the engagement letter), that the District of New Hampshire Local Rules require local counsel to be "actively associated" in the litigation. At a minimum, local counsel must appear at all court hearings, unless excused, and must sign all pleadings and papers filed with the Court. As a consequence, local counsel must receive all pleadings with sufficient time to review them before filing. Setting these ground rules early in the engagement will mitigate any risks to local counsel while at the same time educating lead counsel and the client that the role of local counsel is not merely pro forma.